

TORONTO STOCK EXCHANGE

TORONTO

BULLETIN NO. 5551

March 25th, 1965

NEW LISTING

GRAND BAHAMA INDUSTRIES LIMITED

An application has been granted to list 1,507,100 Common shares without par value of the above Company, of which 50,000 are subject to issuance and they will be posted for trading at the opening on Monday, March 29th, 1965, with ticker abbreviation "GBI;" dial ticker number 1684 and post section 10.

Listing Statement No. 2197 is in the course of preparation and will be available in the near future.

The following is some of the information that will be included in the Listing Statement:

Incorporated under the laws of Ontario, March 19th, 1962

Head Office - 85 Duke Street, Toronto, Ontario.

Transfer Agent and Registrar - Guaranty Trust Company of Canada, Toronto, Montreal, Winnipeg and Vancouver.

Officers - Chairman of the

Board of Directors - Frank Henry Strean, Toronto, Executive President and

General Manager - William Vincent MacInnes, Grand Bahama Island, Executive Secretary - Robert Adair Davies, Q.C., Toronto.

Directors - Robert Adair Davies, William Vincent MacInnes, Frank Henry Strean and the following:

Robert de Wolfe MacKay, Mount Bruno, Que., Queen's Counsel

Harry Rhoden Moody, Don Mills, Ont., Executive

Maurice Frederick Strong, Beaconsfield, Que., Executive

Peter Nesbitt Thompson, Montreal, Que., Executive

William Ian Mackenzie Turner, Jr., Montreal, Que., Executive

Capitalization as at March 4th, 1965

	<u>Authorized</u>	<u>Outstanding</u>	<u>To Be Listed</u>
Debentures			
6½% Sinking Fund Debentures Series A		\$700,000	
6% Cumulative Participating Voting			
Preference shares with a par value of \$1... 500,000	500,000	500,000	Nil
Common shares without par value	2,200,000	1,457,100	1,507,100*

* of which 50,000 are reserved for options to two executives, as described below.

Options have been granted to Frank Henry Strean, Chairman of the Board and to William Vincent MacInnes, President to purchase 5,000 and 7,500 common shares respectively during each of the years ended June 30, 1965 to 1968 inclusive at \$1.00 per share.

Nature of business - The Company is a holding company, whose wholly-owned subsidiary, Greater Freeport Industries Limited, a Bahamian company, owns 40% to 100% of the equity capital of various Bahamian companies which carry on commercial operations in Freeport, Grand Bahama Island, one of the Bahama Islands.

Offering by prospectus - By a prospectus dated February 16, 1965, \$700,000 Debentures and 210,000 common shares were offered in Units, each Unit consisting of \$500 Debentures and 150 common shares, at \$750 per unit. Thus the 1,400 Units that were offered to the public at \$750.00 per Unit, provided the Company with approximately \$1,000,000.

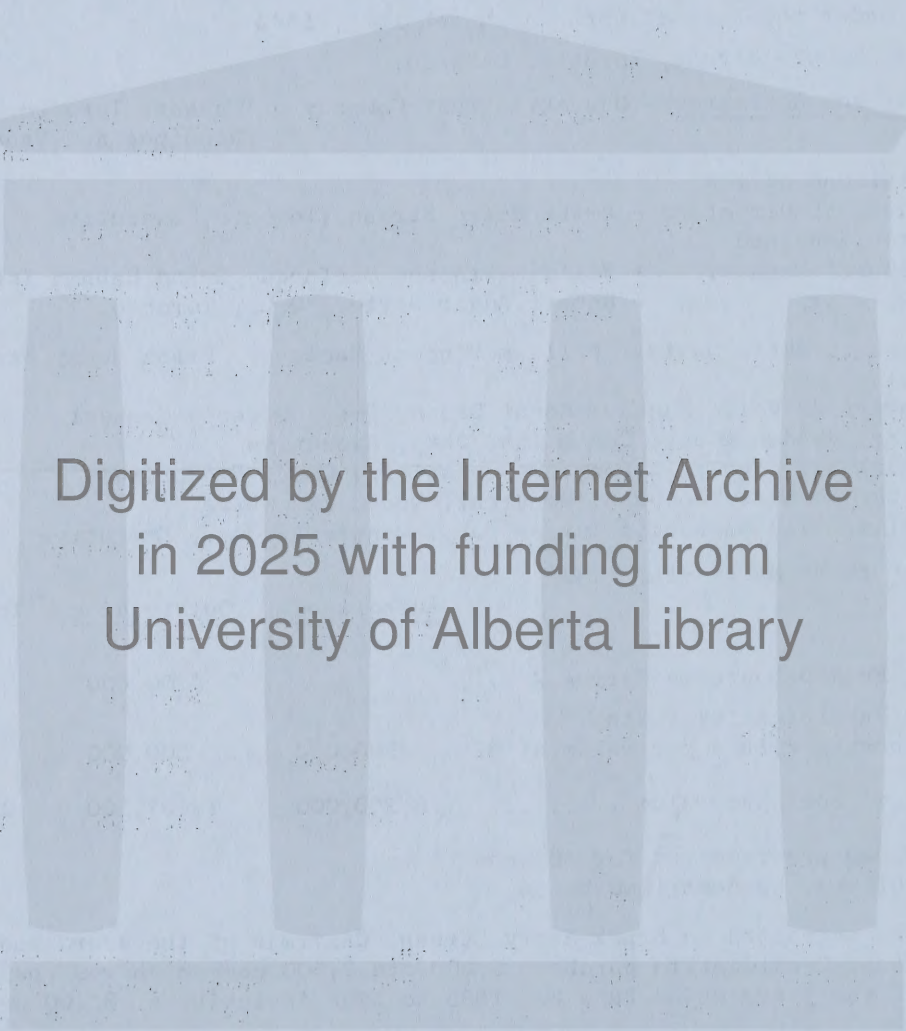
Use of proceeds - To provide \$150,000 additional working capital for certain operating subsidiaries

To provide \$600,000 additional equity capital for certain associated companies

The balance of about \$250,000 will be added to the general corporate funds of the Company.

BY ORDER OF THE BOARD OF GOVERNORS

H.D. GRAHAM
President



Digitized by the Internet Archive
in 2025 with funding from
University of Alberta Library

https://archive.org/details/Gran2719_1965_0

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2197

LISTED MARCH 29, 1965
1,507,100 Common shares without par value, of which 50,000 are subject to issuance.
Ticker abbreviation "GBI"
Dial ticker number 1684
Post section 10

File

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

GRAND BAHAMA INDUSTRIES LIMITED

Incorporated under the laws of the Province of Ontario
by letters patent dated March 19, 1962

1,507,100 COMMON SHARES WITHOUT PAR VALUE

CAPITALIZATION AS AT MARCH 4, 1965

	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Debentures			
6½ % Sinking Fund Debentures Series A	(1)	\$700,000	—
6% cumulative participating voting preference shares with a par value of \$1 each	500,000	500,000	nil
Common shares without par value	2,200,000	1,457,100	1,507,100(2)

NOTES:

- (1) Additional Debentures without limitation as to aggregate principal amount may from time to time be issued under the Trust Indenture pursuant to which the Series A Debentures are issued.
- (2) As referred to in paragraph 11 of the Statutory Information forming part of the prospectus dated February 16, 1965 attached hereto and made part hereof, an aggregate of 50,000 common shares of the Company are covered by options to two executives of the Company.

March 19, 1965

1. APPLICATION

GRAND BAHAMA INDUSTRIES LIMITED (herein called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,507,100 common shares without par value in the capital of the Company, of which 1,457,100 have been issued and are outstanding as fully paid and non-assessable. The remaining 50,000 common shares included in this application are covered by options to two executives of the Company as referred to in note (2) above.

2. REFERENCE TO PROSPECTUS

Reference is made to the attached prospectus dated February 1, 1965, a copy of which prospectus is hereby incorporated in this application and made part hereof.

3. COMPANY

The Company is a holding company, whose wholly-owned subsidiary, Greater Freeport Industries Limited, a Bahamian company, owns 40% to 100% of the equity capital of various Bahamian companies which carry on commercial operations in Freeport, Grand Bahama Island, one of the Bahama Islands. The nature of the commercial operations carried on by such Bahamian companies are described in the said prospectus attached hereto.

4. **ISSUE OF DEBENTURES AND COMMON SHARES OFFERED IN UNITS**

The net proceeds to the Company from the sale of the \$700,000 principal amount of 6½ % Sinking Fund Debentures Series A and the 210,000 common shares without par value in the capital of the Company, as referred to in the said prospectus attached hereto, amounting to \$987,000, are being used as to \$150,000 to provide working capital for certain operating subsidiaries and associated companies, namely, Grand Bahama Millwork and Building Supplies Limited, Lucaya Nursery & Landscaping Limited and The d'Albenas Agency (Grand Bahama) Limited, as to \$600,000 to provide during the current fiscal year further capital in the form of advances to Oceanus Inn Limited and Bellevue Bahama Limited, associated companies, and the balance of such net proceeds are being added to the general corporate funds of the Company. The offering to the public of the said \$700,000 aggregate principal amount of 6½ % Sinking Fund Debentures Series A and 210,000 common shares without par value, was duly authorized and approved under the laws of the Provinces of Canada (other than New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland).

5. **OPINION OF COUNSEL**

The opinion of Messrs. McDonald, Davies & Ward, Barristers, etc., 4 King Street West, Toronto 1, Ontario, filed in support of this application, states that the Company has been legally and properly organized in accordance with the laws of the Province of Ontario, that 1,457,100 common shares (being part of the common shares to be listed) have been duly and properly authorized and issued and are outstanding as fully paid and non-assessable shares, that an aggregate of 50,000 common shares (being the balance of the common shares to be listed) are covered by certain options granted by the Company and that such options have been validly granted and are presently in full force and effect.

6. **LISTING ON OTHER STOCK EXCHANGES**

The common shares of the Company are not listed on any other stock exchange.

7. **FISCAL YEAR**

The fiscal year of the Company terminates on the 30th day of September in each year.

8. **ANNUAL MEETINGS**

The annual meeting of the shareholders of the Company is held at any place within Ontario on such day in each year and at such time as the directors by resolution determine. The last annual meeting of the shareholders of the Company was held on February 6, 1964.

9. **HEAD OFFICE**

The head office of the Company is situated at 85 Duke Street, Toronto, Ontario.

10. **TRANSFER AGENT AND REGISTRAR**

Guaranty Trust Company of Canada at its principal offices in Toronto, Montreal, Winnipeg and Vancouver, Canada is the transfer agent and registrar for the common shares without par value in the capital of the Company.

11. **TRANSFER FEE**

No fee is charged on stock transfers other than Government stock transfer taxes.

12. **AUDITORS**

The auditors of the Company are Messrs. Touche, Ross, Bailey & Smart, 200 University Avenue, Toronto, Ontario.

13. **OFFICERS**

Frank Henry Strean	Chairman of the Board of Directors	21 Fraserwood Avenue, Toronto 19, Ontario.
William Vincent MacInnes	President and General Manager	Port of Call Drive, Freeport, Grand Bahama Island, The Bahama Islands.
Robert Adair Davies, Q.C.	Secretary	21 Ava Road, Toronto 10, Ontario.

This prospectus is not, and under no circumstances is to be construed as, a public offering of any of these securities for sale in the United States of America or in the territories or possessions thereof.

New Issues

Grand Bahama Industries Limited

(Incorporated under the laws of the Province of Ontario)

\$700,000

6½% Sinking Fund Debentures Series A

and

210,000 common shares

(without par value)

Offered in Units

The \$700,000 principal amount of 6½% Sinking Fund Debentures Series A ("Series A Debentures") and the 210,000 common shares without par value ("common shares") are offered in Units, each Unit consisting of \$500 principal amount of Series A Debentures and 150 common shares.

Series A Debentures

To be dated March 1, 1965

To mature March 1, 1977

Principal and half-yearly interest (March 1 and September 1) and redemption premium, if any, are to be payable in lawful money of Canada at any branch in Canada of the Company's bankers, at the holder's option. The Series A Debentures are to be issued as coupon Debentures registrable as to principal only in denominations of \$500 and \$1,000 and as fully registered Debentures in denominations of \$1,000 and authorized multiples thereof. Series A Debentures will be redeemable (otherwise than out of sinking fund moneys) at the option of the Company in whole at any time or in part from time to time on not less than 30 days' notice at the principal amount thereof plus a premium of 5% of such principal amount if redeemed on or before March 1, 1966, such premium thereafter decreasing by one-half of 1% of such principal amount for each year commenced or elapsed after March 1, 1966 to the date specified for redemption up to and including March 1, 1975 and thereafter and prior to maturity at the principal amount thereof, together in all cases with accrued interest to the date specified for redemption. Series A Debentures will be redeemable out of sinking fund moneys on 30 days' notice at the principal amount thereof plus accrued interest to the date specified for redemption.

Sinking Fund

The Company will covenant to establish a sinking fund to provide for the retirement of \$35,000 principal amount of Series A Debentures on March 1 in each of the years 1967 to 1976 inclusive. Such sinking fund and the retirement of a further \$350,000 principal amount of Series A Debentures at maturity will provide for the retirement of the Series A Debentures in full. Particulars concerning the sinking fund are more fully set out herein.

Trustee—Series A Debentures: Montreal Trust Company

Transfer Agent and Registrar—common shares:

Guaranty Trust Company of Canada

Toronto, Montreal, Winnipeg and Vancouver

We, as principals, offer these Units, subject to prior sale or change in price if, as and when issued by the Company and accepted by us, and subject to the approval of all legal matters on behalf of the Company by Messrs. McDonald, Davies & Ward, Toronto, and on our behalf by Messrs. Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto.

These Units are offered as speculative securities.

PRICE: \$750 per Unit

and accrued interest on the Series A Debentures

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that Series A Debentures and certificates for common shares, each in definitive form, will be available for delivery in Units as above referred to on or about March 4, 1965.

The following information is furnished by the President of Grand Bahama Industries Limited:

The Company

Grand Bahama Industries Limited (the "Company") was incorporated under the laws of the Province of Ontario in March, 1962. The Company is a holding company, whose wholly-owned subsidiary Greater Freeport Industries Limited ("Greater Freeport"), a Bahamian company, owns 40% to 100% of the equity capital of various Bahamian companies which carry on commercial operations in Freeport, Grand Bahama Island, one of the Bahama Islands. The nature of most of these commercial operations is illustrated by the names of the Bahamian companies set out in the chart of corporate organization on page 7 hereof.

Greater Freeport provides management, accounting and administrative services to its subsidiaries and associated companies. By reason of its experience, Greater Freeport is in a strong position to assess the profit potential of new and existing ventures in Freeport. The Company's aim is to invest in projects which it considers to have strong growth possibilities.

Late in 1963, Power Corporation Developments Limited (formerly Super-Power Corporation of Canada, Limited), a subsidiary of Power Corporation of Canada, Limited, became a substantial shareholder of the Company, thereby providing the Company with financial support and valuable management direction.

Grand Bahama Island

The second largest island in the Bahamas, Grand Bahama Island lies approximately 55 miles due east of Palm Beach, Florida and 120 miles northeast of Miami. The island is about 70 miles long, contains approximately 430 square miles and has considerable acreage available for commercial, industrial and resort development. The fresh water supply is more than adequate. The island is served by airlines using the Freeport International Airport and providing flights from Nassau and various points in Florida. By mid-1965 a new runway will be completed to permit direct jet flights to Freeport from major cities in Canada, the United States and other countries.

The island's semi-tropical climate, its miles of broad white beaches, its coral reefs and other attractions make it a year-round sports and vacation resort area. The number of tourists visiting the Bahama Islands has increased from 32,000 in 1950 to 605,000 in 1964. There is every reason to expect that the resort developments in Freeport will continue to share in this growth in tourism.

Development of Freeport

The concept of Freeport as a major commercial, industrial and tourist centre was conceived in 1955. The Bahamian Government passed a special Act in 1955 under which The Grand Bahama Port Authority, Limited (the "Port Authority"), a privately financed corporation, assumed responsibility for the general development of Freeport including the construction of a deep water harbour and turning basin, a wharf, an airport, roads and other facilities and the provision of schools, medical facilities and accommodation for governmental offices. All these facilities are presently in operation. In return for the assumption of these responsibilities, the Port Authority and its licencees were granted important long term tax concessions including relief from real and personal property taxes, capital gains and income taxes and customs duties, and the Port Authority was granted the exclusive right to grant licences to operate all businesses in the Freeport area. Under the Act, the Port Authority acquired Crown and other lands aggregating approximately 50,000 acres on the south shore of Grand Bahama Island in an area to be known as Freeport. Subsequently, the Port Authority acquired approximately 100,000 additional acres adjoining this land to the east.

The location of the island, favourable tax treatment, the excellent climate and a long history of stable government in the Bahamas are attracting international operating companies to Freeport.

The largest industrial development established to date is the \$50,000,000 cement plant of Bahama Cement Company (a subsidiary of United States Steel Corporation) located at the Freeport harbour. This company manufactures cement largely from local materials to serve the Bahamas, the United States and other world markets.

A further development, the Freeport marine fueling terminal, also at the harbour, provides world shipping with fuel oil and fresh water services by means of submarine pipelines to mooring stations about one-half mile seaward. The resultant savings of time, port fees, taxes and duties make the terminal an attractive bunkering facility.

Another large employer of labour in Freeport is the harbour operated by the Port Authority. The tonnage handled at the harbour reflects the increasing development of the island and facilities for the storage and trans-shipment of internationally traded goods are expected to be further expanded because of the duty-free status of Freeport.

Modern medical and dental facilities exist in Freeport which is also the location of the Colonial Medical Research Institute.

Resort Development

To date five hotels and motels and a golf course have been constructed in Freeport and a further six hotels and motels and another golf course are in the construction or planning stage. In addition, several apartment projects have been completed and several more are expected to come into existence in 1965.

To encourage the rapid development of a tourist industry at Freeport, the Bahamian Government granted exclusive rights to private interests in 1963 to operate gambling casinos in Freeport for a ten year period. One casino, in conjunction with a new luxury hotel, is now operating under strict government regulation and two more casinos are proposed to be built.

Company Operations

The creation of Freeport as a modern commercial and resort centre in an environment of stable government and tax freedom provides a favourable climate for capital investment.

The chart on page 7 of this prospectus sets out the corporate organization of the Company and its operating subsidiaries and associated companies. Greater Freeport's investments are in the dairy, bakery, wholesale food, outdoor theatre, tire and automotive supply, nursery and landscaping, building supplies, construction, realty management and plastics manufacturing businesses.

Grand Bahama Builders Limited, 90% owned by Greater Freeport, is currently constructing a 168 room hotel, the Oceanus Inn, for Oceanus Inn Limited, 50% owned by Greater Freeport. Connected with this

hotel will be extensive skin-diving facilities and the headquarters of the International Underwater Explorers Society. The hotel will offer medium-priced accommodation and will have facilities for yacht anchorage.

Grand Bahama Builders Limited is also constructing for Bellevue Bahama Limited (49% owned by Greater Freeport) an apartment building in Freeport containing 124 medium-priced suites to be completed by mid-1965. Shortly thereafter it is expected that Grand Bahama Builders Limited will start construction of a luxury apartment building to be owned by Sun and Sea Estates Limited (45% owned by Greater Freeport) on the beach near the proposed Oceanus Inn.

The Company is associated in these building projects with The Morgan Trust Company and Combined Estates Corporation, two private companies based in Montreal with extensive experience in real estate financing and investment.

Future Prospects

The rapid development of Freeport is expected to increase the number of residents and the demand for the goods and services provided by subsidiaries and associated companies of Greater Freeport. The population of Freeport (8,500 in 1963 and now estimated at 20,000) is increasing as fast as new accommodation permits.

Tax Advantages

Under the 1955 special Act of the Bahamian Government referred to above (amended in 1960), businesses located at Freeport will pay no real or personal property taxes, capital gains or income taxes for the period of 35 years from August 4, 1955. In addition, for 99 years from August 4, 1955 businesses located at Freeport will pay no excise taxes or customs duties on goods imported into the Port area (except on goods for personal consumption), manufactured, processed, assembled or warehoused in the Port area, or exported from the Port area.

Greater Freeport is a non-resident company for Bahamian Exchange Control purposes. Accordingly, there are no present currency or other legal restrictions against the payment by Greater Freeport of dividends or other distributions to the Company.

Under current Canadian tax law, dividends received by the Company from Greater Freeport, its wholly-owned subsidiary, will not be included for tax purposes in calculating taxable income of the Company.

Purpose of Issue

The net proceeds to the Company from the sale of the \$700,000 principal amount of 6½% Sinking Fund Debentures Series A and the 210,000 common shares without par value in the capital of the Company proposed to be issued, amounting to \$987,000, will be used as to \$150,000 to provide working capital for certain operating subsidiaries and associated companies, namely, Grand Bahama Millwork and Building Supplies Limited, Lucaya Nursery & Landscaping Limited and The d'Albenas Agency (Grand Bahama) Limited, as to \$600,000 to provide during the current fiscal year further capital in the form of advances to Oceanus Inn Limited and Bellevue Bahama Limited, associated companies, and the balance of such net proceeds will be added to the general corporate funds of the Company.

Certain Provisions of the Trust Indenture

The \$700,000 principal amount of 6½% Sinking Fund Debentures Series A (the "Series A Debentures") now proposed to be issued are to be direct obligations of the Company, are to be issued under a trust indenture (the "Trust Indenture") to be dated as of March 1, 1965 and to be entered into between the Company and Montreal Trust Company, as Trustee, and are, in the opinion of counsel, to be secured by (a) a first fixed and specific mortgage, pledge and charge on all the outstanding shares of Greater Freeport, all of which shares will be deposited with the Trustee under the Trust Indenture, and (b) a first floating charge under the laws of the Province of Ontario upon the undertaking and all the property and assets of the Company in the Province of Ontario now owned or hereafter acquired but subject to an exception as to the last day of the term of any lease or agreement therefor.

The Trust Indenture will contain provisions permitting the issuance (subject as hereinafter referred to) from time to time thereunder of Debentures (herein called "Additional Debentures") other than and in addition to the Series A Debentures without limitation as to aggregate principal amount. Such Additional Debentures will rank equally and rateably with the Series A Debentures save only as to sinking fund provisions applicable to different issues.

The Trust Indenture will provide, among other things, that so long as any of the Series A Debentures remain outstanding:

- A. Neither the Company nor Greater Freeport will issue or become liable on any funded obligations or mortgage, hypothecate, charge, pledge or otherwise encumber any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations other than Debentures issued under the Trust Indenture.
- B. The Company will not issue any Additional Debentures under the Trust Indenture unless
 - (i) the consolidated net tangible assets of the Company and its subsidiaries as at a date not more than 150 days prior to the date of such issue shall have been equal to at least two times the principal amount of all consolidated funded obligations of the Company and its subsidiaries to be outstanding immediately after such issue; and
 - (ii) the annual consolidated net earnings for the last completed fiscal year of the Company next preceding such issue, if such issue is made at any time prior to January 31, 1967, or, if such issue be made thereafter, the average annual consolidated net earnings for the last two completed fiscal years next preceding such issue, shall have been equal to at least two times the aggregate annual interest requirements of all consolidated funded obligations of the Company and its subsidiaries to be outstanding immediately after such issue.

Provided that, for all purposes of the Trust Indenture, any funded obligations outstanding at the time of any such issue, which are to be retired within 30 days following such time and all moneys required to retire which funded obligations are paid to the Trustee at such time or the payment of which moneys is provided for to the satisfaction of the Trustee at such time shall be deemed not to be outstanding immediately after such issue.

- C. No Additional Debentures will be issued under the Trust Indenture having a maturity date prior to March 2, 1977 other than Debentures maturing serially.

D. The aggregate amount payable by way of serial maturities and/or mandatory sinking fund payments (which in the case of a sinking fund payment to retire a specified principal amount shall for the purposes of this Clause D be deemed to be the principal amount so to be retired) in any year in respect of any issue of Additional Debentures of the Company shall not be greater than 5% of the principal amount of any such issue of Additional Debentures unless the annual sinking fund payments in respect of the Series A Debentures are increased proportionately.

E. The Company will not in any fiscal year

- (i) declare or pay any dividends (other than in shares of the Company) on any of its shares at any time outstanding; or
- (ii) redeem, decrease, purchase or otherwise pay off any of its shares at any time outstanding (except out of the proceeds of an issue of shares made at any time after March 15, 1965 and prior to or contemporaneously with any such redemption, decrease, purchase or payment); or
- (iii) elect to pay any tax on undistributed income under the provisions of Section 105 of the Income Tax Act (Revised Statutes of Canada, 1952, Chapter 148) as now enacted or as the same may from time to time be amended or re-enacted or elect to pay tax under any similar provisions

unless immediately after giving effect to such action the consolidated earned surplus of the Company and its subsidiaries is not less than \$500,000 (provided that such restriction shall not apply to dividends payable on the presently outstanding 6% cumulative participating voting preference shares with a par value of \$1 each in the capital of the Company in accordance with the preferences, rights, conditions, restrictions, limitations and prohibitions attached to such preference shares at March 1, 1965).

F. The Company will not sell or otherwise dispose of any shares of Greater Freeport nor will the Company permit Greater Freeport to issue, sell or otherwise dispose of any shares of Greater Freeport except to the Company.

G. Except as provided in the Trust Indenture, the Company will not sell or otherwise dispose of or permit Greater Freeport to sell or otherwise dispose of (except to the Company), by conveyance, transfer, lease or otherwise, the assets and undertaking of the Company or of Greater Freeport, as the case may be, as an entirety or substantially as an entirety.

H. The Company will not guarantee nor will it permit any subsidiary to guarantee any indebtedness or dividends of or give any other guarantee on behalf of any person, firm or corporation other than the Company and/or Greater Freeport; provided that the foregoing restrictions in this Clause H shall not apply to nor operate to prevent (i) the Company or Greater Freeport continuing to have outstanding any guarantees in effect at March 1, 1965 or renewals or modifications thereof (provided that any such renewal or modification of any such guarantee does not increase the liability under such guarantee at the time of such renewal or modification) or (ii) the guarantee by the Company or any subsidiary of obligations (other than funded obligations) of customers and suppliers in the ordinary course of business.

The foregoing Clauses A to H inclusive and the said floating charge shall not apply to nor operate to prevent and there shall be permitted

- (i) the assuming or giving of purchase money mortgages or other purchase money liens on property acquired by Greater Freeport after March 1, 1965 up to but not exceeding 75% of the cost of the property so acquired, provided that any such mortgage or lien shall be limited to the property so acquired and that the aggregate principal amount of such mortgages and liens and all mortgages, liens, charges and encumbrances permitted under subdivision (ii) hereof at any one time outstanding shall not exceed \$50,000; or
- (ii) the acquiring by Greater Freeport of property subject to any mortgage, lien, charge or encumbrance thereon at the time of such acquisition provided that any such mortgage, lien, charge or encumbrance is limited to the property so acquired and that the aggregate principal amount of such mortgages, liens, charges and encumbrances and all mortgages and liens permitted under subdivision (i) hereof at any one time outstanding shall not exceed \$50,000; or
- (iii) the extension, renewal or refunding of any mortgage, lien, charge or encumbrance permitted under subdivisions (i) and (ii) hereof or any mortgage existing at March 1, 1965 to the extent of the principal amount of the indebtedness secured by and owing under any such mortgage, lien, charge or encumbrance at the time of such extension, renewal or refunding provided that no further property shall be encumbered at the time of such extension, renewal or refunding; or
- (iv) the extension, renewal or refunding by the Company by an issue of funded obligations complying with the provisions of Clauses C and D hereof of funded obligations of the Company to the extent of the principal amount of such last mentioned funded obligations at the time of such extension, renewal or refunding, or the extension, renewal or refunding by Greater Freeport of any funded obligations of Greater Freeport to the extent of the principal amount of such last mentioned funded obligations at the time of such extension, renewal or refunding; or
- (v) the securing of any funded obligations issued as permitted under subdivision (iv) hereof in the same manner as the funded obligations extended, renewed or refunded were secured at the time of such extension, renewal or refunding; or
- (vi) the giving of security or securities (except on fixed assets and except on shares of subsidiaries) by the Company or any subsidiary to any bank or banks or to any other lending institution or institutions for present or future debts or liabilities of the Company or such subsidiary incurred or to be incurred in the ordinary course of business to such bank or banks or lending institution or institutions provided that such debts or liabilities do not constitute funded obligations; or
- (vii) the giving by the Company or Greater Freeport of guarantees to any bank or banks or other lending institution or institutions of present or future debts or liabilities of any subsidiary incurred or to be incurred in the ordinary course of business of such subsidiary provided that (a) such debts or liabilities do not constitute funded obligations and (b) the aggregate liability of the Company and Greater Freeport under all such guarantees does not at any time exceed \$250,000; or
- (viii) the guaranteeing by the Company and/or Greater Freeport of any indebtedness (including indebtedness which constitutes a funded obligation) incurred after March 1, 1965 by a subsidiary or associated company in connection with the purchase or construction of real property situated on one of the Bahama Islands provided that

- (a) the amount of such indebtedness incurred by any subsidiary or associated company and guaranteed by the Company and/or Greater Freeport does not exceed an amount which is in the same proportion to the total amount of any such indebtedness incurred by such subsidiary or associated company as the number of outstanding shares of such subsidiary or associated company carrying full voting rights at all times owned by the Company and/or Greater Freeport is to the total number of such outstanding shares of such subsidiary or associated company;
- (b) the total indebtedness so incurred by a subsidiary or associated company and being guaranteed, in whole or in part by the Company and/or Greater Freeport, does not exceed 75% of the value (as appraised by a qualified appraiser) of the real property purchased or constructed by the particular subsidiary or associated company in connection with which the said indebtedness is incurred;
- (c) the aggregate liability of the Company and Greater Freeport under all guarantees permitted under the provisions of this subdivision (viii) at any one time does not exceed \$250,000; or
- (ix) the amalgamation of any subsidiary of the Company with any other subsidiary or subsidiaries of the Company; or
- (x) (a) the deposit of cash or obligations of the Government of Canada in connection with contracts or tenders in the ordinary course of business or to secure workmen's compensation, surety or appeal bonds, costs of litigation when required by law and public and statutory obligations; or (b) liens or claims incident to current construction, mechanics', warehousemen's, carriers' and other similar liens; or (c) the incurring of obligations under forward commitments of purchase relating to current operations or under any lease entered into in the ordinary course of business or any guarantee of such obligations given in the ordinary course of business; or
- (xi) the Company (until the security hereby constituted shall have become enforceable and the Trustee shall have determined or become bound to enforce the same) from pledging, selling, alienating, leasing, assigning, mortgaging, hypothecating, charging or otherwise disposing of or dealing with the subject matters of such floating charge in the ordinary course of its business and for the purpose of carrying on the same provided that any such action is not in breach of any express provision of the Trust Indenture, and that the Company shall not create or assume any mortgage, hypothec, charge, pledge, lien or other encumbrance upon the subject matters of the floating charge created by the Trust Indenture or any part thereof ranking or purporting to rank in priority to or *pari passu* with such floating charge except as expressly permitted under subdivisions (i) to (xi) inclusive above set out.

The Trust Indenture will provide that the directors may from time to time determine consolidated earned surplus of the Company and its subsidiaries as of any date, in the manner and with the effect to be set out in the Trust Indenture.

The Trust Indenture will provide that the directors may from time to time determine the consolidated net tangible assets of the Company and its subsidiaries as of any date or for any period in the manner and with the effect to be set out in the Trust Indenture. There may be included in any such determination of consolidated net tangible assets of the Company and its subsidiaries as tangible assets the net proceeds or estimated net proceeds of the sale of any bonds, debentures and/or other obligations or shares of the Company or a subsidiary (except as otherwise provided and except to the extent that such net proceeds or estimated net proceeds have been or are to be applied within one year thereafter to the redemption, reduction, purchase or paying off of any shares of the Company or a subsidiary and except to the extent that such net proceeds or estimated net proceeds have been or are to be applied within one year thereafter to the acquisition of assets other than tangible assets, as to which a resolution of the directors setting out the application or proposed application of any such net proceeds or estimated net proceeds shall be conclusive and binding) issued and/or agreed to be issued (prior to the making of such determination) for cash notwithstanding that such bonds, debentures and/or obligations or shares may have been issued and/or agreed to be issued subsequent to the date as of which the determination is made.

The Trust Indenture will provide further that if any property or any shares of any other company (sufficient with any other shares of such other company already owned by the Company or a subsidiary to result in such other company becoming a subsidiary) have been acquired or are in process of being acquired or are proposed to be acquired by the Company or any subsidiary at the time of determining consolidated net tangible assets and/or consolidated funded obligations and/or consolidated net earnings of the Company and its subsidiaries and if the net proceeds of any issue of funded obligations or shares of the Company have been or are to be applied directly or indirectly towards the cost of or in reimbursement of the cost of the acquisition of such property or shares, as to all of which a resolution of the directors shall be conclusive and binding, then (i) the tangible assets of or comprised in such property or such other company (provided that the net proceeds or estimated net proceeds of the sale of such proposed issue of funded obligations or shares are not included in such determination of consolidated net tangible assets as tangible assets), the liabilities of or pertaining to such property or such other company and the funded obligations of or attached to such property or such other company (calculated in accordance with the provisions of the Trust Indenture respecting consolidated net tangible assets and consolidated funded obligations) shall be treated as tangible assets and/or liabilities and/or funded obligations in the computation of consolidated net tangible assets and/or consolidated funded obligations and (ii) the net earnings or net losses of such property or such other company (calculated in accordance with the provisions of the Trust Indenture respecting consolidated net earnings) for the whole of the period for which consolidated net earnings are to be computed shall, if in the opinion of the Company's auditors the Company has access to data sufficient to enable such auditors to determine such net earnings or net losses, be treated as net earnings or net losses, as the case may be, in the computation of consolidated net earnings.

The Trust Indenture will also provide that Series A Debentures purchased or redeemed are to be cancelled and not reissued.

The Trust Indenture will contain definitions of certain of the terms used above as set out in paragraph 23 of the Statutory Information forming part of this prospectus.

Sinking Fund

Under the Trust Indenture the Company will covenant to establish a sinking fund to provide for the retirement of \$35,000 principal amount of Series A Debentures on March 1 in each of the years 1967 to

1976 inclusive. Such sinking fund and the retirement of a further \$350,000 principal amount of Series A Debentures at maturity will provide for the retirement of the Series A Debentures in full.

The Company is to be entitled to purchase Series A Debentures in the market or by private contract at prices not exceeding the redemption price current at the time of purchase in respect of Series A Debentures redeemed otherwise than out of sinking fund moneys (including accrued interest) plus costs of purchase. All Series A Debentures purchased or redeemed (except Series A Debentures purchased or redeemed out of sinking fund moneys) shall, notwithstanding the cancellation thereof, be available to the Company as a sinking fund credit which, at the election of the Company, may be applied (to the extent not theretofore applied) in denominations of \$500 and multiples thereof in satisfaction in whole or in part of required sinking fund payments thereafter. The Company is to have the right to elect on or before January 15 in each of the years 1967 to 1976 inclusive to apply a specified principal amount of the Series A Debentures forming such credit in satisfaction in whole or in part of the sinking fund payment required to be made prior to March 1 in each such year and the Company will be required to pay into such sinking fund prior to March 1 in each such year the sum in cash required to retire on that date \$35,000 principal amount of Series A Debentures less a principal amount of Series A Debentures equal to the principal amount of such Series A Debentures so applied. Such cash paid to the Trustee is to be applied in the retirement of Series A Debentures by call for redemption on March 1 of each such year at the principal amount thereof together with accrued interest to the date specified for redemption; provided that such call need not be made if the moneys in the sinking fund and required to be paid into the sinking fund are less than \$5,000 and in such case such moneys may be used by the Trustee in purchasing for cancellation Series A Debentures at a price not exceeding the redemption price current at the time of purchase in respect of Series A Debentures redeemed otherwise than out of sinking fund moneys (including accrued interest) plus costs of purchase. The Company is to covenant and agree in the Trust Indenture to pay to the Trustee on demand its cost of giving notice of redemption of Series A Debentures out of sinking fund moneys and any other expenses in connection therewith.

Capitalization

(After giving effect to the proposed financing)

	Authorized	Outstanding
Debentures		
6½% Sinking Fund Debentures Series A.....	(1)	\$700,000
6% cumulative participating voting preference shares with a par value of \$1 each.....	500,000 shs.	500,000 shs.
Common shares without par value.....	2,200,000 shs.	1,457,100 shs. (2)

Notes:

- (1) Additional Debentures without limitation as to aggregate principal amount may from time to time be issued under the Trust Indenture pursuant to which the Series A Debentures are to be issued.
- (2) An aggregate of 50,000 common shares of the Company are covered by options to two executives of the Company as referred to in paragraph 11 of the Statutory Information forming part of this prospectus.

Statement of Earnings

The following report has been received from the auditors of Grand Bahama Industries Limited, Messrs. Touche, Ross, Bailey & Smart, Chartered Accountants:

GRAND BAHAMA INDUSTRIES LIMITED and Subsidiary Companies

Consolidated Statement of Earnings and Retained Earnings For the Period from Incorporation of the Company March 19, 1962 to September 30, 1964

	Earnings (Loss) before Interest, Depreciation and Minority Interest	Interest	Depreciation	Earnings (Loss) before Minority Interest	Minority Interest	Net Earnings (Loss)	Preference Share Dividends	Retained Earnings (Deficit)
March 19, 1962 to September 30, 1962.....	(\$ 4,214)	\$ 4,978	\$ 5,753	(\$ 14,945)	—	(\$14,945)	—	(\$14,945)
Year ended September 30, 1963.....	(232)	8,976	14,709	(23,917)	\$14,187	(9,730)	—	(24,675)
Year ended September 30, 1964.....	213,897	13,182	36,871	163,844	99,388 ⁽¹⁾	64,456	\$5,959	33,822

NOTE: (1) Minority interest in earnings in 1964 includes an amount of \$87,504 representing net earnings for the year of certain subsidiaries which did not become wholly-owned until September 30, 1964.

(2) Included for the year ended September 30, 1964 is a loss of \$865 attributable to the operations for 8 months of Grand Bahama Delicatessen Limited, which was sold in December, 1964.

(3) The Trust Indenture relating to the issue of the \$700,000 6½% Sinking Fund Debentures Series A will contain restrictions as to the payment of dividends on common shares of the Company in certain circumstances.

Auditors' Report

To the Directors,
GRAND BAHAMA INDUSTRIES LIMITED.

We have examined the above consolidated statement of earnings and retained earnings of Grand Bahama Industries Limited and its subsidiary companies for the period from incorporation of the company March 19, 1962 to September 30, 1964. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

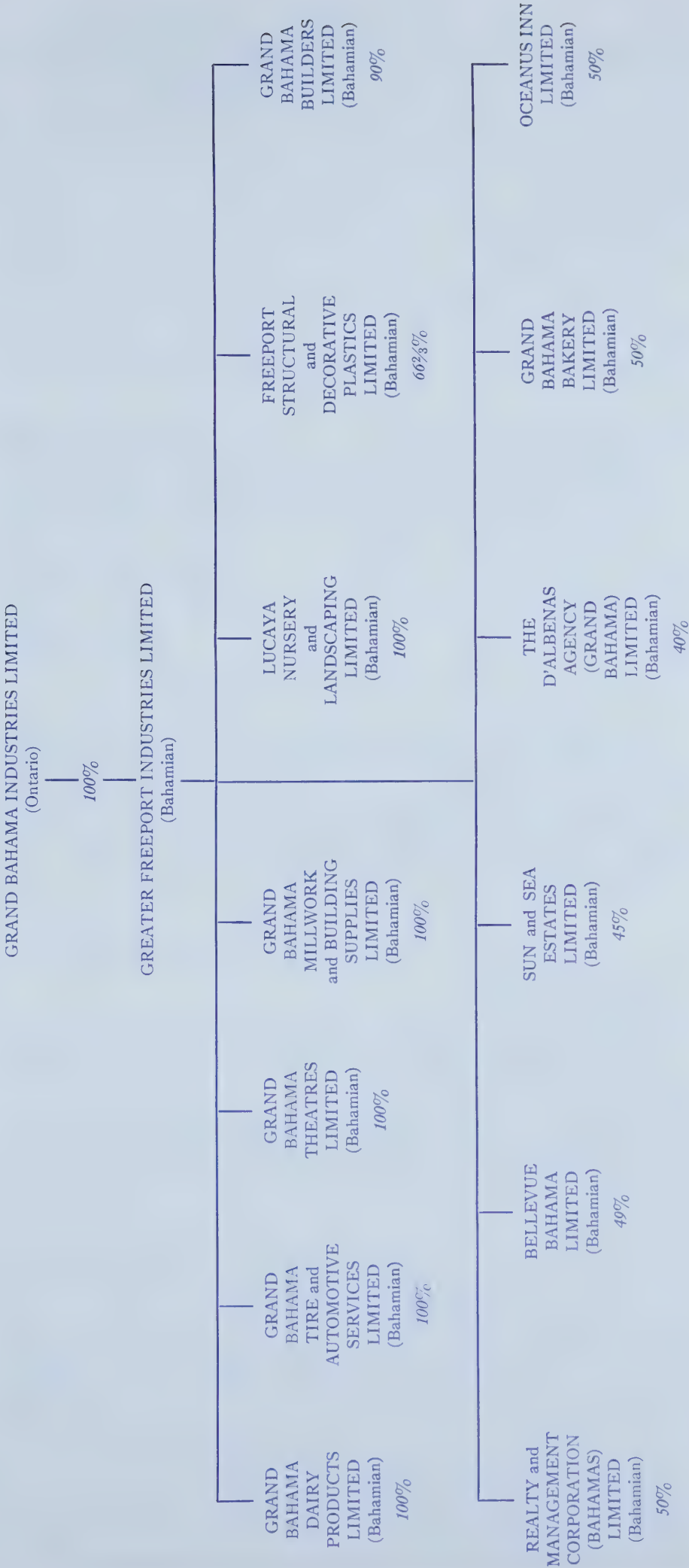
In our opinion, the above statement presents fairly the consolidated results of the operations and the retained earnings of Grand Bahama Industries Limited and its subsidiary companies for the period from incorporation of the company March 19, 1962 to September 30, 1964, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, Ontario,
February 16, 1965.

(Signed) Touche, Ross, Bailey & Smart,
Chartered Accountants.

GRAND BAHAMA INDUSTRIES LIMITED
and its Operating Subsidiaries
and Associated Companies

Corporate Organization



**GRAND BAHAMA INDUSTRIES LIMITED
and Subsidiary Companies**

Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at September 30, 1964

(Stated in Canadian dollars)

After giving effect in the pro forma consolidated balance sheet to the adjustments set out in Note 8

Assets	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
CURRENT ASSETS		
Cash.....	\$ 67,636	\$554,636
Accounts receivable		
Trade and sundry.....	\$128,913	
Progress billings.....	150,587	279,500
Inventories—at lower of cost or market.....	226,061	226,061
Prepaid expenses and deposits.....	10,323	10,323
TOTAL CURRENT ASSETS.....	583,520	1,070,520
PROPERTY, PLANT AND EQUIPMENT—at cost less accumulated depreciation— Note 2.....	562,986	562,986
INVESTMENTS IN AND ADVANCES TO ASSOCIATED COMPANIES—Note 3	Shares at cost	Advances
Grand Bahama Bakery Limited.....50%	\$ 15	\$ 29,841
Bellevue Bahama Limited.....49%	100,147	20,441
Sun and Sea Estates Limited.....45%	3,135	7,594
Realty and Management Corporation (Bahamas) Limited.....50%	10,686	9,931
Oceanus Inn Limited.....50%	34,252	41,980
The d'Albenas Agency (Grand Bahama).....40%	—	75,491
Florida Scholz Homes, Inc.....25%	8,000	—
	<u>\$156,235</u>	<u>\$185,278</u>
	341,513	341,513
FUNDS HELD FOR INVESTMENT IN AND ADVANCES TO ASSOCIATED COMPANIES.....		600,000
OTHER ASSETS—at cost		
Real estate held for development—Note 6.....	\$100,562	
Loan and second mortgages receivable—8%.....	37,606	138,168
DEFERRED CHARGES—Note 4		
Organization and development expenses—at cost.....	93,346	93,346
Debenture discount and financing expenses.....		63,000
EXCESS OF COST OF SHARES IN CONSOLIDATED SUBSIDIARIES OVER VALUES ASSIGNED TO THEIR TANGIBLE ASSETS.....	168,463	168,463
	<u>\$1,887,996</u>	<u>\$3,037,996</u>
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES		
Bank indebtedness.....	\$ 9,210	
Accounts payable and accrued.....	333,415	
Deposits on contracts.....	12,857	
Due to shareholder—interest payable as to \$20,000 at 9% and as to \$80,000 at 8%.....	100,000	
TOTAL CURRENT LIABILITIES.....	455,482	\$ 455,482
6½% SINKING FUND DEBENTURES Series A, maturing March 1, 1977.....		700,000
8% MORTGAGE PAYABLE—payable in monthly instalments and due November 8, 1972 (including \$2,836 due within one year).....	31,353	31,353
MINORITY INTERESTS.....	23,139	23,139
SHAREHOLDERS' EQUITY—Note 5		
Capital stock		
Authorized		
500,000 6% cumulative participating voting preference shares with a par value of \$1		
2,200,000 common shares without par value		
Issued		
400,000 preference shares (pro forma 500,000).....	\$ 400,000	500,000
1,247,100 common shares (pro forma 1,457,100).....	944,200	1,294,200
	\$1,344,200	1,794,200
Retained earnings.....	33,822	33,822
	1,378,022	1,828,022
	<u>\$1,887,996</u>	<u>\$3,037,996</u>
COMMITMENTS AND CONTINGENCIES—Note 6		
Approved on behalf of the Board		

(Signed) FRANK H. STREAN, Director

(Signed) W. V. MACINNES, Director

The accompanying notes are an integral part of these balance sheets.

**GRAND BAHAMA INDUSTRIES LIMITED
and Subsidiary Companies**
**Explanatory Notes to Consolidated Balance Sheet
and Pro Forma Consolidated Balance Sheet
as at September 30, 1964**

1. Principles of consolidation

The principle followed has been to consolidate all wholly-owned subsidiaries and all subsidiaries in which the company has a majority interest.

The accounts of Bahamian subsidiaries are maintained in Bahamian sterling and have been converted to Canadian dollars at the rate of \$3 to the £.

2. Property, plant and equipment,
details are as follows:

	Asset (at cost)	Accumulated Depreciation
Land.....	\$ 33,607	—
Buildings.....	270,801	\$ 13,622
Houses and cottage.....	58,803	2,154
Automotive equipment.....	62,365	14,149
Equipment.....	152,793	30,486
Office equipment.....	12,445	339
Movie screen.....	9,000	900
Nursery.....	24,822	—
	<u>\$624,636</u>	<u>\$ 61,650</u>

3. Associated companies

- The cost of the company's investment in associated companies exceeds the underlying net assets as shown by their financial statements by approximately \$146,000.
- The company's share of the combined net losses of these companies amounted to approximately \$7,700 for the year ended September 30, 1964 and has not been provided for in these accounts.
- The d'Albenas Agency (Grand Bahama) was converted to a limited company subsequent to the year end and advances of \$12,000 from Greater Freeport Industries Limited were converted into a 40% interest in share capital.
- Florida Scholz Homes, Inc. is reflected at cost, less amortization of \$8,159.

4. Deferred charges

Organization and development expenses

	1962	1963	1964	Total
Professional services.....	\$ 7,465	\$13,793	\$ 9,551	\$30,809
Travel.....	5,430	14,420	9,517	29,367
Directors' fees.....	—	—	9,075	9,075
Administrative and general.....	1,897	1,751	20,447	24,095
	<u>\$14,792</u>	<u>\$29,964</u>	<u>\$48,590</u>	<u>\$93,346</u>

It is the intention of the companies to charge these expenses to earnings over a five-year period commencing October 1, 1964.

5. Shareholders' equity

During the fiscal year the company obtained supplementary letters patent altering the authorized capital by:

- the creation of 500,000 6% cumulative participating voting preference shares with a par value of \$1 each;
- designating the 2,000,000 issued and unissued shares without par value as 2,000,000 common shares without par value and subdividing each of the 800,000 then issued shares (as redesignated as aforesaid) into 1¼ shares without par value making a total of 2,200,000 authorized common shares.

Subsequently, 400,000 preference shares were sold for \$400,000 cash and 247,100 common shares were issued for an aggregate consideration determined by the board of directors of the company to be the fair equivalent of a consideration payable in cash of \$494,200. See paragraphs 20 and 21 of the Statutory Information forming part of this prospectus.

The company has granted options to two officers of the company in respect of an aggregate of 50,000 common shares of the company exercisable in successive periods to June 30, 1968 at the option price of \$1 per share.

6. Commitments and contingencies

The company is contingently liable for U.S. \$3,744,000 under guarantees given jointly and severally with others to a Canadian chartered bank for loans to be made as follows:

Oceanus Inn Limited.....	\$1,600,000
Bellevue Bahama Limited.....	1,528,000
Sun and Sea Estates Limited.....	616,000
	<u>\$3,744,000</u>

The company is also contingently liable for U.S. \$200,000 under guarantees given jointly and severally with others in connection with the purchase of land by Sun and Sea Estates Limited.

The company is also contingently liable for \$45,000 under a guarantee respecting overdraft facilities granted to Grand Bahama Builders Limited by a Canadian chartered bank.

As at September 30, 1964, formal title to certain real estate held for development had not yet been conveyed to the company.

7. Subsequent Events

- Dividends on the preference shares aggregating \$11,647 were paid in December, 1964;
- On December 31, 1964, the company sold all its shares in and advances to Grand Bahama Delicatessen Limited, a wholly-owned subsidiary, for \$16,433. No effect has been given to this transaction in the accompanying balance sheets. The net worth (including advances from the company) of Grand Bahama Delicatessen Limited at September 30, 1964 was \$8,115;
- The Company has drawn down the loans referred to in note 6 above in the amount of \$1,037,687 as at February 10, 1965.

8. Pro forma adjustments (Pro Forma Balance Sheet only)

The following have been given effect to in the pro forma consolidated balance sheet:

- The issue and sale in November, 1964 of 100,000 preference shares at par for cash;
- The issue and sale of \$700,000 principal amount of 6¼% Sinking Fund Debentures Series A for \$662,000, together with 210,000 common shares without par value for \$350,000, in accordance with an underwriting agreement dated February 16, 1965;
- The payment of expenses of the issue estimated at \$25,000;
- The allocation of \$600,000 of the net proceeds for investment in associated companies and the allocation of the balance of such net proceeds to cash.

To the Directors,

GRAND BAHAMA INDUSTRIES LIMITED.

Auditors' Report

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Grand Bahama Industries Limited and subsidiary companies as at September 30, 1964. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet supplemented by Notes 1 to 7 thereto, presents fairly the consolidated financial position of the companies as at September 30, 1964 in accordance with generally accepted accounting principles.

In our opinion also, the accompanying pro forma consolidated balance sheet supplemented by Notes 1 to 8 thereto presents fairly the consolidated financial position of the companies as at the same date, after giving effect to the changes set forth in Note 8 to the balance sheets, in accordance with generally accepted accounting principles.

Toronto, Ontario,
February 16, 1965.

(Signed) Touche, Ross, Bailey & Smart,
Chartered Accountants.

Statutory Information

1. The full name of the Company is GRAND BAHAMA INDUSTRIES LIMITED (hereinafter called the "Company") and the address of the Company's head office is 85 Duke Street, Toronto, Ontario.
2. The Company was incorporated under the laws of the Province of Ontario by letters patent dated March 19, 1962. Supplementary letters patent dated April 9, 1962, June 13, 1962, August 23, 1963, November 19, 1963 and November 22, 1963, respectively, have been issued to the Company.
3. The general nature of the business actually transacted by the Company is that of investment in Bahamian companies which carry on various businesses in Freeport, Grand Bahama Island, The Bahama Islands. Reference is made to the narrative under the heading "Company Operations" on pages 2 and 3 of this prospectus.
4. The names in full, present occupations and home addresses in full of the officers and directors of the Company are:

Officers

FRANK HENRY STREAN.....	<i>Chairman of the Board of Directors</i>	21 Fraserwood Avenue, Toronto 19, Ontario.
WILLIAM VINCENT MACINNES.....	<i>President and General Manager</i>	Port of Call Drive, Freeport, Grand Bahama Island, The Bahama Islands.
ROBERT ADAIR DAVIES, Q.C.....	<i>Secretary</i>	21 Ava Road, Toronto 10, Ontario.

Directors

ROBERT ADAIR DAVIES.....	<i>Queen's Counsel</i>	21 Ava Road, Toronto 10, Ontario.
WILLIAM VINCENT MACINNES.....	<i>Executive</i>	Port of Call Drive, Freeport, Grand Bahama Island, The Bahama Islands.
ROBERT DE WOLFE MACKAY.....	<i>Queen's Counsel</i>	Mount Bruno, Quebec.
HARRY RHODEN MOODY.....	<i>Executive</i>	29 Park Lane Circle, Don Mills, Ontario.
FRANK HENRY STREAN.....	<i>Executive</i>	21 Fraserwood Avenue, Toronto 19, Ontario.
MAURICE FREDERICK STRONG.....	<i>Executive</i>	173 Beaconsfield Boulevard, Beaconsfield, Quebec.
PETER NESBITT THOMSON.....	<i>Executive</i>	Pointe Cavagnol, R.R. 1, Vaudreuil, Quebec.
WILLIAM IAN MACKENZIE TURNER, JR.....	<i>Executive</i>	62 Palmerston Avenue, Mount Royal, Montreal 16, Quebec.

5. The auditors of the Company are Messrs. Touche, Ross, Bailey & Smart, Chartered Accountants, 200 University Avenue, Toronto, Ontario.

6. (i) The transfer agent and registrar for the 6% cumulative participating voting preference shares with a par value of \$1 each and the common shares without par value in the capital of the Company is Guaranty Trust Company of Canada at its principal offices in Toronto, Montreal, Winnipeg and Vancouver, Canada.

(ii) Montreal Trust Company at its principal offices in Toronto, Montreal, Winnipeg and Vancouver, Canada, will be the registrar for the 6½% Sinking Fund Debentures Series A (hereinafter sometimes called the "Series A Debentures") hereinafter referred to. Registers upon which coupon Series A Debentures may be registered as to principal and upon which fully registered Series A Debentures shall be registered as to principal and interest and upon which transfers of Series A Debentures so registered are to be recorded will be kept by the said registrar at such offices.

7. The authorized capital of the Company consists of 500,000 6% cumulative participating voting preference shares with a par value of \$1 each and 2,200,000 common shares without par value, of which all of the said preference shares and 1,247,100 of the said common shares have been issued and are outstanding as fully paid and non-assessable. Reference is made to paragraph 16 hereof as to the allotment and proposed issuance of a further 210,000 common shares of the Company.

8. The 6% cumulative participating voting preference shares with a par value of \$1 each (hereinafter called "preference shares") and the common shares without par value (hereinafter called "common shares") in the capital of the Company have attached thereto the following preferences, rights, conditions, restrictions, limitations and prohibitions:

(1) The holders of the preference shares, in priority to the common shares and any shares ranking junior to the preference shares, shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of six per cent (6%) per annum on the amounts from time to time paid up thereon payable semi-annually on the last days of June and December in each year; such dividends shall accrue from the respective dates of issue of the preference shares; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends and payment thereof shall satisfy such dividends;

(2) If in any fiscal year of the Company the said cumulative dividend is not paid or declared and set aside for payment in full for such fiscal year, such dividend or the unpaid or undeclared part thereof shall, before any dividend is declared or paid or set aside for payment on the common shares or any shares ranking junior to the preference shares, be paid or declared and set aside for payment in a subsequent fiscal year or years of the Company in which the Company shall have sufficient moneys properly applicable to the payment of the same; whenever in any fiscal year of the Company all arrears of cumulative dividends (if any) for

prior fiscal years have been paid or declared and set aside for payment and the said cumulative dividend of six per cent (6%) per annum for such fiscal year has been paid or declared and set aside for payment and whenever in such fiscal year a dividend of or dividends aggregating Six cents (6¢) per common share in respect of such fiscal year has or have been paid or declared and set aside for payment on the common shares outstanding, then any and all further dividends declared in such fiscal year shall be declared and paid in equal amounts, share for share, upon all the preference shares and common shares at the time outstanding without preference or distinction;

(3) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders either in connection with a decrease of capital or for the purpose of winding up its affairs the holders of the preference shares shall be entitled to receive from the property and assets of the Company a sum equal to One dollar (\$1) per share for each of the preference shares held by them respectively together with all cumulative dividends thereon remaining unpaid (which for such purpose shall be calculated as if such cumulative dividends were accruing from day to day up to the date of distribution) before any amount shall be paid or any property or assets of the Company distributed to the holders of the common shares; after the payment to the holders of the preference shares of the amounts so payable to them, the holders of common shares shall be entitled to receive a sum equal to One dollar (\$1) per share for each of the common shares held by them respectively from the property and assets of the Company; after payment to the holders of the preference shares and of the common shares of the amounts so payable to them, all the remaining property and assets of the Company shall be distributed equally share for share to the holders of the preference shares and to the holders of the common shares without preference or distinction;

(4) The holders of the preference shares shall be entitled to one (1) vote in person or by proxy at all meetings of the shareholders of the Company in respect of each preference share held; in addition, the holders of the preference shares shall be entitled, voting separately and as a class, to elect one-half ($\frac{1}{2}$) of the total number of the directors of the Company from time to time, or if the total number of directors be not evenly divisible by two (2) then the next highest number above one-half ($\frac{1}{2}$), and if the Company shall fail to pay a semi-annual dividend on the preference shares on the date on which the same should be paid whether or not such a dividend has been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends and such dividend remains unpaid for a period of twelve (12) months after the date of payment of the last semi-annual dividend paid on the preference shares or after the date of the original issue of the preference shares if no such dividend shall have been paid, then so long as any dividends on the preference shares remain in arrears the holders of the preference shares shall be entitled, voting separately and as a class, to elect a majority (rather than the number above provided for) of the total number of the directors of the Company; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors;

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect a majority of the directors shall accrue to the holders of the preference shares as herein provided, by reason of a dividend on the preference shares being in arrears as aforesaid, or who may be appointed as directors if such right shall have accrued and before a meeting of shareholders shall have been held shall terminate upon the election of new directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors; such general meeting may be held at any time after the accrual of such right to elect a majority of the directors upon not less than ten (10) days' written notice and such general meeting shall be called by the secretary of the Company upon the written request of the holders of record of at least one-tenth ($\frac{1}{10}$) of the outstanding preference shares and in default of the calling of such general meeting by the secretary within five (5) days after the making of such request it may be called by any holder of record of preference shares;

Notwithstanding anything contained in the by-laws of the Company, any vacancy occurring among members of the board elected to represent the holders of preference shares in accordance with the foregoing provisions may be filled by the board with the consent and approval of the remaining director or directors elected to represent the holders of preference shares; whether or not such vacancies are so filled by the board, the holders of record of at least one-tenth ($\frac{1}{10}$) of the outstanding preference shares shall have the right to require the secretary of the Company to call a meeting of the holders of preference shares for the purpose of filling the vacancies or replacing all or any of the persons filling such vacancies who have been appointed by the directors to represent the holders of preference shares, and the provisions of the last preceding sub-paragraph shall apply in respect of the calling of such meeting;

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the right of the holders of the preference shares to elect a majority of the directors as aforesaid, the term of office of the directors elected to represent the holders of preference shares shall terminate upon the election of new directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors after such termination and (ii) the holding of one (1) preference share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of preference shares;

(5) The authorization required by subsection 4 of section 33 of The Corporations Act may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the preference shares duly called for that purpose;

(6) The Company shall not subdivide any of its common shares without par value without the prior approval of the holders of the preference shares expressed by a resolution passed by a majority of the votes cast at a meeting of the holders of preference shares duly called for that purpose; and

(7) The common shares without par value shall be subject to the prior preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the preference shares; the holders of common shares shall be entitled to one (1) vote in person or by proxy at all meetings of the shareholders in respect of each common share held.

9. (i) The Company proposes to issue \$700,000 aggregate principal amount of 6½% Sinking Fund Debentures Series A (hereinafter sometimes called the "Series A Debentures") which are to be issued under and secured by a trust indenture (hereinafter called the "Trust Indenture") dated as of March 1, 1965 and to be made between the Company and Montreal Trust Company, as Trustee. Certain particulars of the security for and of the attributes and characteristics of the Series A Debentures are set out under the headings "Certain Provisions of the Trust Indenture" and "Sinking Fund" on pages 3 to 6 inclusive of this prospectus, to which reference is hereby made.

The Series A Debentures are to be direct obligations of the Company and are to be secured by (a) a first fixed and specific mortgage, pledge and charge on all the outstanding shares of Greater Freeport Industries Limited, all of which shares will be deposited with the Trustee under the Trust Indenture, and (b) a first floating charge under the laws of the Province of Ontario upon the undertaking and all the property and assets of the Company now owned or hereafter acquired but subject to an exception as to the last day of the term of any lease or agreement therefor.

The Trust Indenture pursuant to which the Series A Debentures will be issued and secured will permit the issuance (subject as therein provided) from time to time of additional Debentures (hereinafter called "Additional Debentures") thereunder without limitation as to aggregate principal amount, which Additional Debentures will rank equally and rateably with the Series A Debentures save only as to sinking fund provisions applicable to different issues.

The Series A Debentures will be redeemable (otherwise than out of sinking fund moneys) at the option of the Company in whole at any time or in part from time to time on not less than 30 days' notice at the principal amount thereof plus a premium of 5% of such principal amount if redeemed on or before March 1, 1966, such premium thereafter decreasing by one-half of 1% of such principal amount for each year commenced or elapsed after March 1, 1966 to the date specified for redemption up to and including March 1, 1975 and thereafter and prior to maturity at the principal amount thereof, together in all cases with accrued interest to the date specified for redemption. The Series A Debentures will be redeemable out of sinking fund moneys on 30 days' notice at the principal amount thereof plus accrued interest to the date specified for redemption.

The Series A Debentures are to be dated as of March 1, 1965, are to mature on March 1, 1977, are to bear interest at the rate of 6½% per annum payable half-yearly on the 1st days of March and September and are to be payable as to principal, interest and redemption premium (if any) in lawful money of Canada at any branch in Canada of the Company's bankers, at the holder's option.

The Series A Debentures are to be issued as coupon debentures in denominations of \$500 and \$1000 registrable as to principal only and as fully registered debentures in denominations of \$1,000 and authorized multiples thereof.

(ii) The Company also proposes to issue 210,000 common shares without par value in the capital of the Company as referred to in paragraph 16 hereof. As referred to in such paragraph, the Series A Debentures and the said common shares are to be offered by the Underwriter for sale to the public in Units, each Unit consisting of \$500 principal amount of Series A Debentures and 150 of the said common shares. The issue price to the public of the said Units is stated on the face page of this prospectus, to which reference is hereby made.

(iii) All Debentures, including the Series A Debentures, and any other future indebtedness of the Company and the outstanding 500,000 6% cumulative participating voting preference shares with a par value of \$1 each in the capital of the Company rank or will rank ahead of the common shares without par value in the capital of the Company. The said preference shares are participating both as to dividends and as to distributions on winding-up as fully described in the provisions attaching to the preference shares set out in paragraph 8 hereof.

10. No substantial indebtedness is to be created or assumed by the Company which is not shown on or referred to in the pro forma consolidated balance sheet of the Company and its subsidiaries as at September 30, 1964 forming part of this prospectus. The Trust Indenture pursuant to which the Series A Debentures are to be issued and secured will not prohibit or restrict the Company's subsidiaries (other than Greater Freeport Industries Limited) from creating or incurring indebtedness. In the course of financing their various business operations, it is therefore likely that such subsidiaries, or some of them, will in the future create or incur indebtedness which will rank ahead of the Series A Debentures offered hereby so far as the assets of such subsidiaries are concerned.

11. The Company has granted to each of Frank Henry Strean and William Vincent MacInnes, who are directors and officers of the Company, options to purchase 5,000 common shares of the Company during each of the years ended June 30, 1965 to 1968 inclusive at the price of \$1 (Canadian) per share. In addition, the Company has granted to William Vincent MacInnes a further option to purchase 2,500 common shares of the Company during each of the years ended June 30, 1965 to 1968 inclusive at the price of \$1 (Canadian) per share. Each of the above-mentioned options may only be exercised within the respective option periods.

12. During the two years preceding the date hereof, the Company issued from time to time for cash an aggregate of 60,000 fully paid common shares at the price of 80¢ per share. During the same period the Company issued from time to time at par for cash an aggregate of 500,000 6% cumulative participating voting preference shares with a par value of \$1 each.

During the same period, the Company issued 247,100 common shares as fully paid in consideration of the acquisition of certain shares and indebtedness, the particulars of such acquisitions being set out in paragraphs 20 and 21 hereof, to which reference is hereby made. The price or consideration for which such 247,100 common shares were issued was, effectively, \$2 per share.

13. The estimated net proceeds to be derived by the Company from the sale of the Series A Debentures and the common shares of the Company offered hereby, on the basis of such securities being fully taken up and paid for, is \$1,012,000 less legal, auditing and other expenses in connection with the issue of such securities (estimated at \$25,000 in the aggregate).

14. The net proceeds to the Company from the sale of the \$700,000 principal amount of 6½% Sinking Fund Debentures Series A and the 210,000 common shares without par value in the capital of the Company proposed to be issued, amounting to \$987,000, will be used as to \$150,000 to provide working capital for certain operating subsidiaries and associated companies, namely, Grand Bahama Millwork and Building Supplies Limited, Lucaya Nursery & Landscaping Limited and The d'Albenas Agency (Grand Bahama) Limited, as to \$600,000 to provide during the current fiscal year further capital in the form of advances to Oceanus Inn Limited and Bellevue Bahama Limited, associated companies, and the balance of such net proceeds will be added to the general corporate funds of the Company.

15. No minimum amount, in the opinion of the directors of the Company, must be raised by the issue of the common shares of the Company referred to in paragraph 16 hereof.

16. By an underwriting agreement dated February 16, 1965 made between the Company and Burns Bros. and Denton Limited (herein sometimes called the "Underwriter"), which agreement is herein sometimes called the "Underwriting Agreement", the Company has agreed to sell and the Underwriter has agreed to purchase, on its own behalf, the \$700,000 aggregate principal amount of Series A Debentures and

the 210,000 common shares without par value of the Company offered hereby for the aggregate price or consideration of \$1,012,000 plus accrued interest on the Series A Debentures from March 1, 1965 to the date of payment for such securities, subject to the fulfilment of certain terms and conditions set out in the Underwriting Agreement. The said aggregate consideration is to be paid in cash against delivery of definitive Series A Debentures and definitive certificates for the said common shares. The Company has allocated out of the said aggregate consideration of \$1,012,000 and accrued interest as aforesaid the sum of \$350,000 in respect of the said 210,000 common shares as the aggregate consideration for the issue thereof. The said 210,000 common shares have been conditionally allotted for issue against payment of such aggregate consideration.

The Underwriting Agreement provides that the Series A Debentures and the said 210,000 common shares are to be offered for sale to the public in Units, each Unit consisting of \$500 principal amount of Series A Debentures and 150 of the said common shares. Of the 1400 Units being offered for sale, present shareholders of the Company will be given priority for a limited period of time to the extent of 700 Units in the aggregate to purchase such Units.

17. The by-laws of the Company contain the following provisions as to the remuneration of directors: "The remuneration to be paid to the directors shall be such as the board of directors shall from time to time determine and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the board of directors. The directors may also by resolution award special remuneration to any director undertaking any special services on the Company's behalf other than the routine work ordinarily required of a director by the Company, and the confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company."

18. The aggregate remuneration paid by the Company to directors of the Company, as such, during its last financial year ended September 30, 1964 was \$9,075, and the estimated aggregate of such remuneration paid or payable during the current financial year is \$12,200. The aggregate remuneration paid by Greater Freeport Industries Limited, the Company's wholly-owned subsidiary, to officers of such subsidiary (who are also directors and officers of the Company) who individually received or were entitled to receive remuneration in excess of \$10,000 during such subsidiary's last financial year ended September 30, 1964 was \$11,875 (U.S.), and the estimated aggregate of such remuneration paid or payable during the current financial year is \$35,000 (U.S.). No remuneration has been paid or is payable by the Company to officers of the Company.

19. No amount has been paid by the Company within the two years preceding the date hereof or is payable by the Company as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or obligations of, the Company. Reference, however, is made to paragraph 16 hereof.

20. Pursuant to agreements dated September 30, 1964 (i) made between Queensway Bahamas Limited and Mr. H. Tobiash, as vendors, and the Company, as purchaser, and (ii) made between The Morgan Trust Company and Combined Estates Corporation, as vendors, and the Company, as purchaser, the Company purchased, effective September 30, 1964, shares in the capital stock of certain Bahamian companies in which Greater Freeport Industries Limited, the wholly-owned subsidiary of the Company, previously held a share interest together with indebtedness aggregating \$161,087.50 owed by such companies to the vendors.

The aggregate purchase price paid by the Company for such shares and indebtedness was \$474,200 satisfied by the allotment and issuance to the vendors of an aggregate of 237,100 common shares of the Company as fully paid and non-assessable.

On September 30, 1964 the Company also acquired from Queensway Bahamas Limited, one of the vendors above mentioned, a demand promissory note of Grand Bahama Theatres Limited, one of the Bahamian companies above mentioned, in the principal amount of \$20,000. The purchase price paid by the Company for such promissory note was \$20,000 satisfied by the allotment and issuance to Queensway Bahamas Limited of 10,000 common shares of the Company as fully paid and non-assessable.

The shares, indebtedness and promissory note referred to above were, on September 30, 1964, assigned and transferred by the Company to Greater Freeport Industries Limited, the wholly-owned subsidiary of the Company, at cost, namely \$494,200, which amount is presently owing by Greater Freeport Industries Limited to the Company on open account.

As a result of these acquisitions, Greater Freeport Industries Limited has the following respective share interests in such Bahamian companies:

Name of Company	Percentage of outstanding shares now owned
Grand Bahama Millwork and Building Supplies Limited.....	100%
Grand Bahama Theatres Limited.....	100%
Grand Bahama Builders Limited.....	90%
Oceanus Inn Limited.....	50%
Builders Investments Limited (presently inactive).....	100%

21. The names and addresses of the vendors of the property referred to in paragraph 20 hereof and the amount paid therefor in common shares of the Company are:

Vendor	Address	Amount Paid in Common Shares
QUEENSWAY BAHAMAS LIMITED.....	Freeport,..... Grand Bahama Island, The Bahama Islands.	\$285,000
H. TOBIASH.....	Freeport,..... Grand Bahama Island, The Bahama Islands.	36,000
THE MORGAN TRUST COMPANY.....	Suite 1440,..... 1 Place Ville Marie, Montreal 2, Quebec.	88,332
COMBINED ESTATES CORPORATION.....	Suite 1440,..... 1 Place Ville Marie, Montreal 2, Quebec.	84,868
		<u>\$494,200</u>

The cost to the Company of the shares referred to in paragraph 20 hereof exceeded the book value thereof by \$270,020, which amount is therefore attributable to goodwill or going concern value. Only certain of such Bahamian companies whose shares were so acquired have been consolidated in the consolidated balance sheet and pro forma consolidated balance sheet as at September 30, 1964 forming part of this prospectus.

Except as stated in paragraph 20 hereof or except in connection with transactions to be entered into in the ordinary course of business of the Company and its subsidiaries, no property has been purchased or acquired or is proposed to be purchased or acquired by the Company the purchase price of which is to be defrayed in whole or in part out of the proceeds to be derived from the sale of the securities offered hereby or which has been paid within the two years preceding the date hereof or is to be paid in whole or in part in securities of the Company or the purchase or acquisition of which has not been completed at the date hereof.

22. Except as stated in paragraph 20 hereof, no securities have been issued or agreed to be issued by the Company as fully or partly paid up otherwise than in cash within the two years preceding the date hereof.

23. The Series A Debentures offered hereby will be direct obligations of the Company and are to be issued under and secured by the Trust Indenture and are, in the opinion of Counsel, to be secured by (a) a first fixed and specific mortgage, pledge and charge on all the outstanding shares of Greater Freeport Industries Limited, all of which shares will be deposited with the Trustee under the Trust Indenture, and (b) a first floating charge under the laws of the Province of Ontario upon the undertaking and all the property and assets of the Company in the Province of Ontario now owned or hereafter acquired but subject to an exception as to the last day of the term of any lease or agreement therefor.

The Trust Indenture will contain definitions of the following terms substantially to the following effect:

"Funded obligations" means any indebtedness the principal amount of which by its terms is not payable on demand and matures more than 18 months after the date of the creation or issuance thereof and any liability (contingent or otherwise) in respect of any guarantee by the Company or any subsidiary of any such indebtedness of any person, firm or corporation.

"Consolidated funded obligations" of the Company and its subsidiaries means the aggregate amount of all funded obligations of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice.

"Consolidated net earnings" of the Company and its subsidiaries means all the gross earnings and income of the Company and all its subsidiaries from all sources less all administrative, selling and operating charges and expenses of every character of the Company and all its subsidiaries other than taxes on income and interest on funded obligations (but excluding gains or losses on the disposal of investments and fixed assets) arrived at on a consolidated basis in accordance with generally accepted accounting practice. Without limiting the generality of the foregoing, operating charges and expenses shall include insurance, maintenance, repairs, renewals (except such expenditures for renewals as are chargeable to capital account in accordance with generally accepted accounting practice), rentals, licences, taxes (other than taxes on income), interest (other than interest on funded obligations), such provisions or allowances for bad and doubtful debts as the directors in their discretion, with the approval of the Company's auditors, may determine and, in addition to actual expenditures for maintenance, reasonable allowances for depreciation. In determining consolidated net earnings, interest charges which will be eliminated or reduced by reason of the issuance of funded obligations shall be disregarded or adjusted, as the case may be. Provided that the net earnings of any subsidiary for the purpose of this definition shall only include such part of the net earnings and income of such subsidiary calculated as aforesaid as under generally accepted accounting practice is applicable to those shares of such subsidiary which are held by the Company or any other subsidiary.

"Consolidated net tangible assets" of the Company and its subsidiaries means the excess of the total of the tangible assets over the total of the liabilities of the Company and all its subsidiaries arrived at on a consolidated basis in accordance with generally accepted accounting practice; provided always that in calculating consolidated net tangible assets due allowance shall be made for the minority interest (if any) in any subsidiary.

"Tangible assets" means lands, buildings, plant, equipment and all other physical assets and all current assets and all investments (including notes, mortgages, advances and other amounts receivable which are not current assets, all of which shall be deemed to be included in the term "investments" as used in this definition) and all other assets appearing on a consolidated balance sheet of the Company and all its subsidiaries prepared in accordance with generally accepted accounting practice, excluding the amount, if any, at which goodwill, trade marks, trade mark rights, trade names, trade name rights, copyrights, patents, patent rights and patent licences and other similar intangible assets and unamortized debt discount and expense appear on the asset side of such consolidated balance sheet. The values of such assets shall be determined in the case of all such assets (other than current assets and investments) owned on October 1, 1964 by the Company at the amounts thereof shown in the audited pro forma balance sheet of the company as at September 30, 1964 (being after accumulated depreciation shown on such balance sheet) less subsequent depreciation, depletion and amortization and in the case of any such assets (except assets excluded as aforesaid) acquired after October 1, 1964 by the Company at the cost thereof less subsequent depreciation, depletion and amortization. In the case of any company (hereinafter called an "acquired company") which becomes a subsidiary after October 1, 1964 the value of its tangible assets (other than current assets and investments) shall in the case of the first determination of the value thereof be the lower of: the aggregate value thereof as determined by an appraiser appointed by the directors and approved by the Trustee; or the cost (at the time such acquired company became a subsidiary) to the Company or any subsidiary of which the acquired company is a subsidiary of its investment (through the ownership of shares or otherwise) in such acquired company applicable to all such assets which were owned by such acquired company at such time (as to which cost and the allocation of such cost among all such assets a resolution of the directors of the Company shall be conclusive and binding) plus the cost of any such assets acquired after such time, less in each case subsequent depreciation, depletion and amortization. After the first determination of the value of tangible assets of an acquired company, the value of tangible assets of such acquired company (other than current assets and investments) shall be the value thereof determined in accordance with the preceding sentence hereof less subsequent depreciation, depletion and amortization and in the case of any tangible assets (except as aforesaid) acquired by such acquired company after such appraisal the cost thereof less subsequent depreciation, depletion and amortization. Investments (other than investments which are in-

cluded in current assets as hereinafter provided) shall be valued at not more than the cost thereof to the Company or the subsidiary concerned, such cost to be determined in accordance with generally accepted accounting practice.

For the purpose of the foregoing definition of consolidated net tangible assets, "liabilities" means all liabilities of the Company and its subsidiaries other than liabilities to issued capital, surplus or reserves (to the extent not required to be treated as liabilities in accordance with generally accepted accounting practice) and other than liabilities in respect of the principal, premium, if any, and sinking fund instalments, if any, in respect of any funded obligations and other than any deferred credit in respect of or any provision for deferred taxes on income arising from the excess (less deficiencies) of any provisions for taxes on income for any fiscal period or periods over the amount of such taxes payable for any such fiscal period or periods because the provision for depreciation of any of the depreciable assets of the Company and its subsidiaries recorded in the books of the Company and/or its subsidiaries in respect of such fiscal period or periods is or was less (or greater) than the capital cost allowance (or depreciation or similar allowance) in respect of such depreciable assets claimed or to be claimed as a deduction from income in determining taxes on income for such fiscal period or periods. Contingent liabilities shall likewise be excluded except to such extent, if any, as the directors in their discretion shall determine that special provision should be made in the accounts for meeting such contingent liabilities.

"Current assets" means accounts receivable, bills and notes receivable and similar items receivable in the ordinary course of business (less such provisions or allowances for bad and doubtful debts as the directors in their discretion with the approval of the Company's auditors may determine), cash on hand and in bank, bonds and obligations of or guaranteed by the Government of Canada or any Province of Canada and other investments (which term shall include bonds, debentures, debenture stock, shares and obligations of incorporated companies other than funded obligations issued by the Company or any subsidiary) which are readily saleable and which in accordance with generally accepted accounting practice may properly be grouped as current assets taken at their quoted market value, prepaid interest, insurance, municipal taxes and similar prepaid expenses of a current nature, stock in trade including all inventories of raw materials, work in progress and finished goods of the Company and its subsidiaries and materials and supplies necessary for the operation of the plants, offices and warehouses and/or for the manufacturing of the products of the Company and its subsidiaries, such stock in trade, materials and supplies to be valued at the lower of cost or market value, cash surrender value of life insurance policies payable to the Company or its subsidiaries and such other assets as are usually regarded as current by companies conducting a business or businesses similar to that of the Company and/or its subsidiaries.

"Fixed assets" means such assets as are treated as fixed assets in accordance with generally accepted accounting practice.

"Subsidiary company" or "subsidiary" means any corporation or company of which more than 50% of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or company) are for the time being owned by or held for the Company and/or any other corporation or company in like relation to the Company and includes any corporation or company in like relation to a subsidiary.

"Associated company" means any corporation or company of which 25% or more of the outstanding shares carrying voting rights at all times (provided that the ownership of a majority of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or company) are for the time being owned by or held for the Company and/or a subsidiary company and includes any corporation or company in like relation to a subsidiary company.

24. No services have been rendered or are to be rendered to the Company or its subsidiaries which are to be paid for by the Company wholly or partly out of the proceeds of the securities offered hereby other than the legal, auditing and other services in connection with the issue of the securities referred to in paragraph **13** hereof and other than services to be rendered to the Company or its subsidiaries in the ordinary course of business, and no services have been within the two years preceding the date hereof or are now proposed to be paid for by securities of the Company other than pursuant to the options referred to in paragraph **11** hereof.

25. No amount has been paid or is intended to be paid to any promoter of the Company as such.

26. The dates of and the parties to and the general nature of every material contract entered into by the Company within the two years preceding the date hereof, other than contracts entered into in the ordinary course of business carried on by the Company, are:

(i) Agreement dated April 5, 1963 between the Company and Greater Freeport Industries Limited ("Greater Freeport"), the wholly-owned subsidiary of the Company, providing for the conversion of open account advances aggregating \$367,123.95 (Canadian) made theretofore from time to time by the Company to Greater Freeport into contributed capital of Greater Freeport and authorizing similar conversions of all or any part of further advances made from time to time thereafter by the Company to Greater Freeport;

(ii) Guarantee dated June 18, 1963 given by the Company to Pioneer Tire Limited guaranteeing payment of all moneys which may be or become due to Pioneer Tire Limited, from Grand Bahama Tire & Automotive Services Limited, a wholly-owned subsidiary of Greater Freeport, in respect of tires supplied by Pioneer Tire Limited to such company;

(iii) Agreement dated November 29, 1963 between Power Corporation Developments Limited (formerly Super-Power Corporation of Canada, Limited) and the Company as to the furnishing of the services of G. W. Rutledge as a consultant to the Company at a cost to the Company of \$1,000 per annum;

(iv) Agreement dated November 29, 1963 between the Company and William Vincent MacInnes granting to Mr. MacInnes the options referred to in paragraph **11** hereof;

(v) Agreement dated November 29, 1963 between the Company and Frank Henry Strean granting to Mr. Strean the options referred to in paragraph **11** hereof;

(vi) Agreement dated September 30, 1964 between Queensway Bahamas Limited, H. Tobiash and the Company referred to in paragraph **20** hereof;

(vii) Agreement dated September 30, 1964 between The Morgan Trust Company, Combined Estates Corporation and the Company referred to in paragraph **20** hereof;

(viii) Agreement dated September 30, 1964 between the Company and Greater Freeport whereby the Company assigned and transferred to Greater Freeport at cost the shares, indebtedness and promissory note

acquired by the Company pursuant to the agreements referred to in clauses (vi) and (vii) hereof, which assignment and transfer are referred to in paragraph 20 hereof;

(ix) Agreement dated December 31, 1964 between Morgan Estate Holdings Limited, Combined Estates Corporation, Greater Freeport and the Company providing for the guarantee by the Company to the extent, effectively, of \$1,825,920 (U.S.) of any liability which Greater Freeport may incur under certain guarantees given by Greater Freeport to a Canadian chartered bank of indebtedness of three Bahamian companies associated with the Company in respect of loans made or to be made by such bank to such three Bahamian companies in the aggregate amount of \$3,744,000 (U.S.). Arrangements have been made with such bank to replace the loans aggregating \$3,744,000 (U.S.) with 10-year mortgage loans made by the bank to be guaranteed to the extent of 25% thereof by the same companies, such guarantees to be eliminated when 25% of the loans secured by the mortgages have been repaid;

(x) Agreement dated January 26, 1965 between Morgan Estate Holdings Limited, Combined Estates Corporation, Greater Freeport and the Company providing for the guarantee by the Company to the extent, effectively, of \$90,000 of any liability which Greater Freeport may incur by reason of its endorsement of four promissory notes of Sun and Sea Estates Limited dated October 16, 1964 in the aggregate amount of \$200,000 (U.S.) payable to the vendor of certain real property acquired by Sun and Sea Estates Limited; and

(xi) the Underwriting agreement dated February 16, 1965 made between the Company and Burns Bros. and Denton Limited referred to in paragraph 16 hereof.

The Trust Indenture to be dated as of March 1, 1965 and to be entered into between the Company and Montreal Trust Company, as Trustee, and pursuant to which the Series A Debentures will be issued and secured, when the same has been entered into, and copies of the agreements referred to in clauses (i) to (xi) inclusive hereof may be inspected during usual business hours at the offices of Messrs. McDonald, Davies & Ward, 4 King Street West, Toronto 1, Ontario, during the period of primary distribution to the public of the securities offered hereby.

27. No director of the Company has any interest in any property acquired or proposed to be acquired by the Company.

28. The Company commenced carrying on business on March 19, 1962.

29. The signatories hereto have no knowledge of any persons who by reason of beneficial ownership of securities of the Company or by reason of any agreement in writing are in a position to, or are entitled to, elect or cause to be elected a majority of the directors of the Company. However, the provisions attaching to the outstanding 6% cumulative participating voting preference shares with a par value of \$1 each, which provisions are set out in full in paragraph 8 hereof, provide, in effect, in clause (4) thereof that in addition to the holders of preference shares having the right to one vote per share at all meetings of shareholders, such holders are entitled, voting separately and as a class, to elect one-half of the total number of the directors of the Company and, further, that in the event of certain arrears of dividends on the preference shares such holders are entitled, voting separately and as a class, to elect a majority of the directors of the Company. Dividends payable on the outstanding preference shares are not in arrears. Power Corporation Developments Limited, a subsidiary of Power Corporation of Canada, Limited, is the registered and beneficial owner of all the outstanding preference shares.

30. No securities of the Company of the same class as those offered by this prospectus are, to the knowledge of the signatories hereto, held in escrow. However, reference is made to the options referred to in paragraph 11 hereof.

31. Since incorporation the Company has paid dividends on the outstanding 6% cumulative participating voting preference shares of the Company in the aggregate amount of \$17,605.58. No dividends have been paid on the common shares of the Company.

32. There are no other material facts not disclosed in the foregoing.

DATED the 16th day of February, 1965.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part IX of The Securities Act, 1955 (Alberta), section 39 of The Securities Act, 1954 (Saskatchewan), section 39 of The Securities Act (Ontario), Part VII of the Securities Act, 1962 (British Columbia), and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

(Signed) W. V. MACINNES

(Signed) FRANK H. STREAN

(Signed) H. R. MOODY

(Signed) R. A. DAVIES

(Signed) PETER NESBITT THOMSON

(Signed) MAURICE FREDERICK STRONG

By his Agent

By his Agent

R. A. DAVIES

R. A. DAVIES

(Signed) WILLIAM IAN MACKENZIE TURNER, JR.

(Signed) ROBERT DE WOLFE MACKAY

By his Agent

By his Agent

R. A. DAVIES

R. A. DAVIES

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part IX

of The Securities Act, 1955 (Alberta), section 39 of The Securities Act, 1954 (Saskatchewan), section 39 of The Securities Act (Ontario), Part VII of the Securities Act, 1962 (British Columbia), and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

Underwriter

BURNS BROS. AND DENTON LIMITED

By (Signed) V. F. SCHULER

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than five per centum in the capital of Burns Bros. and Denton Limited: C. F. W. Burns, D. S. Beatty, H. W. Hunter, E. S. Miles, A. R. Swanson, L. C. Burns and D. E. Boxer.

14.

DIRECTORS

Robert Adair Davies	Queen's Counsel	21 Ava Road, Toronto 10, Ontario.
William Vincent MacInnes	Executive	Port of Call Drive, Freeport, Grand Bahama Island, The Bahama Islands.
Robert deWolfe MacKay	Queen's Counsel	Mount Bruno, Quebec.
Harry Rhoden Moody	Executive	29 Park Lane Circle, Don Mills, Ontario.
Frank Henry Streat	Executive	21 Fraserwood Avenue, Toronto 19, Ontario.
Maurice Frederick Strong	Executive	173 Beaconsfield Boulevard, Beaconsfield, Quebec.
Peter Nesbitt Thomson	Executive	Pointe Cavagnol, R.R. 1, Vaudreuil, Quebec.
William Ian Mackenzie Turner, Jr.	Executive	62 Palmerston Avenue, Mount Royal, Montreal 16, Quebec.

CERTIFICATE

Pursuant to a resolution duly passed by the board of directors of the Company, the Company hereby applies for listing of the said 1,507,100 common shares without par value and the undersigned officers of the Company hereby certify that the statements and representations made in this application and in the documents submitted in support hereof are true and correct.

GRAND BAHAMA INDUSTRIES LIMITED



by "F. H. STREAN"
Chairman of the Board
of Directors

by "R. A. DAVIES"
Secretary

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



BURNS BROS. AND DENTON LIMITED

by "V. F. SCHULER"

DISTRIBUTION OF COMMON STOCK AS OF MARCH 18, 1965

Number				Shares			
9	Holders of	1	—	99	share lots	.....	292
59	" "	100	—	199	" "	.....	7,000
17	" "	200	—	299	" "	.....	3,650
20	" "	300	—	399	" "	.....	6,043
8	" "	400	—	499	" "	.....	3,392
29	" "	500	—	999	" "	.....	18,624
86	" "	1000	—	up	" "	.....	1,418,099
228 Shareholders				Total shares 1,457,100			

